

LATOYA CANTRELL, MAYOR
CITY OF NEW ORLEANS

August 9, 2018

Mr. Melvin J. Rodrigue, President
New Orleans Ernest N. Morial Convention Center
900 Convention Center Blvd
New Orleans, Louisiana 70130

Dear Mr. Rodrigue:

I write to express my strong opposition to the proposed deal to subsidize a hotel on Ernest M. Morial Convention Center (Convention Center) property. While I understand the importance of creating a major hotel connected to the Convention Center, I have grave concerns about the amount of subsidy this project will receive and the future implications of this project on tax revenue in New Orleans. The scant specific details which have been made available cast doubt not only on the strategy around this hotel, but also on the Convention Center's future plans for the use of its reserves and dedicated revenue.

Our residents do not separate our public resources into different buckets. All of it is the people's money, and as such, we should do everything possible to ensure that this money is spent strategically and equitably via a transparent process.

Chief among my concerns is the level of overall subsidy going towards the construction of the hotel. Under the current proposal: the developers will be able to build the hotel on free land, pay no property taxes--- and will be able to enjoy a direct subsidy of over \$40 million directly from the Convention Center. On top of that, there is a call to waive sales and occupancy taxes worth hundreds of millions of dollars over the life of the hotel. That's money our citizens cannot afford to do without.

I am also deeply concerned about the high interest rate of 8.2% on the tax-exempt bonds proposed to finance the project. Annual debt service costs alone could exceed \$44.2 million.

Additionally, the Convention Center has discounted the need for approvals from the city. As proposed, the hotel would require a height waiver from the City. Convention Center officials may also be planning to request a waiver of city dedicated hotel tax revenue. There has been little discussion with my administration about either of these requests, nor have we seen the kind of extensive cost/benefit analysis required of a commitment of this size.

All of these concerns give me pause, regarding both the specifics of the hotel project and the future plans of the Convention Center. The Convention Center currently enjoys a reserve in excess of \$200 million, thanks to a yearly surplus of tens of millions of dollars in tax revenue.

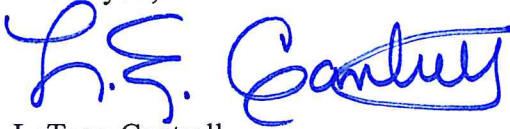


In the midst of existential problems affecting our drainage and infrastructure, residents are rightfully angered to see millions of dollars that could otherwise be used to address such needs diverted instead to a reserve for a single entity.

I ask that this board defer all further action on this project until you have met with my administration and we reach an agreement on the appropriate amount of public subsidy. We must begin to revisit the way that tax revenue created by New Orleans is spent within its boundaries. No amount of money will make the Convention Center or this proposed hotel viable if the roads and services needed to make the city run are in disrepair. Furthermore, if residents do not believe that they stand to benefit from the creation and funding of these institutions, then they will not be invested in their success.

We must work together to find a fair funding structure that can allow this project to move forward, and reassure the residents of our City that they are getting a fair deal.

Thank you,



LaToya Cantrell
Mayor, City of New Orleans

cc: Robert Bray, Vice President
Steve Pettus, Treasurer
Alfred L. Groos, Secretary
Dottie Belletto, Commissioner
Ryan F. Berni, Commissioner
Ronald C. Guidry, Sr., Commissioner
Robert "Tiger" Hammond, Commissioner
Edward L. "Eddie" Jacobs, Jr., Commissioner
Darren G. Mire, Commissioner
Bonita A. Robertson, Commissioner
Michael O. Smith, Commissioner
New Orleans City Councilmembers